

SESODA CORPORATION AND SUBSIDIARIES**Consolidated Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of SESODA CORPORATION as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, SESODA CORPORATION and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: SESODA CORPORATION

Chairman: R.Y. CHEN

Date: March 11, 2024.



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Independent Auditors' Report

To the Board of Directors of SESODA CORPORATION:

Opinion

We have audited the consolidated financial statements of SESODA CORPORATION and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Refer refer to note 4(m) and note 6(q) to the consolidated financial statements for accounting policy and disclosures of revenue recognition.

Description of key audit matter:

The Group is a listed Company in related to public interest, and the investors are highly expecting the financial performance, resulting in revenue recognition is one of the key judgmental areas of our audit.

How the matter was addressed in our audit:

- Understanding the types of revenue and transaction terms to assess the accuracy of the timing of revenue recognition.
- Conducting the variance analysis on the revenue from major customers to evaluate if there are any significant unusual transactions.
- As well as testing the design, operation and implantation of the effectiveness of internal control on revenue recognition.
- Selecting some samples of transaction records of sales during the period before and after the balance sheet date in order to obtain the related transaction documents to evaluate the appropriateness of timing of recognition.
- Understanding whether it there is a significant subsequent sales return or discount; and reviewing whether the disclosure of revenue made by the the management is appropriate.

Other Matter

SESODA CORPORATION has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chen, Ya-Ling and Tang, Chia-Chien.

KPMG

Taipei, Taiwan (Republic of China)

March 11, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
SESODA CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 1,600,594	12	1,295,290	9	2100	Short-term borrowings (notes 6(i), (w) and 8)	\$ 1,810,265	14	1,618,520	12
1110	Current financial assets at fair value through profit or loss (note 6(b))	3,086	-	1,623	-	2111	Short-term notes and bills payable (notes 6(j) and (w))	199,827	2	-	-
1150	Notes receivable, net (note 6(d))	103,171	1	121,350	1	2322	Long-term borrowings, current portion (notes 6(i), (w) and 8)	476,845	4	516,275	4
1170	Accounts receivable, net (note 6(d))	595,226	5	686,870	5	2170	Accounts payable	304,066	2	650,407	5
130X	Inventories (note 6(e))	450,112	4	1,387,135	10	2200	Other payables (notes 6(r) and 7)	430,620	3	507,349	3
1476	Other current financial assets	292,785	2	138,862	1	2230	Current tax liabilities	3,256	-	215,709	1
1470	Other current assets	308,609	2	230,355	2	2280	Lease liabilities-current (notes 6(k) and (w))	5,599	-	8,229	-
	Total current assets	<u>3,353,583</u>	<u>26</u>	<u>3,861,485</u>	<u>28</u>	2399	Other current liabilities	199,097	1	99,616	1
Non-current assets:							Total current liabilities	<u>3,429,575</u>	<u>26</u>	<u>3,616,105</u>	<u>26</u>
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	16,744	-	13,123	-		Non-current liabilities:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	79,443	1	79,552	1	2540	Long-term borrowings (notes 6(i), (w) and 8)	2,533,862	19	2,337,127	17
1550	Investments accounted for using equity method, net (note 6(f))	258,978	2	290,707	2	2570	Deferred tax liabilities (note 6(n))	744,402	6	744,360	5
1600	Property, plant and equipment (notes 6(g), 8 and 9)	9,293,472	71	9,472,908	69	2580	Lease liabilities-non-current (notes 6(k) and (w))	2,681	-	7,696	-
1755	Right-of-use assets (note 6(h))	8,018	-	15,382	-		Total non-current liabilities	<u>3,280,945</u>	<u>25</u>	<u>3,089,183</u>	<u>22</u>
1840	Deferred tax assets (note 6(n))	8,040	-	47,872	-		Total liabilities	<u>6,710,520</u>	<u>51</u>	<u>6,705,288</u>	<u>48</u>
1975	Net defined benefit asset, non-current (note 6(m))	46,941	-	41,903	-		Equity (notes 6(c), (f), (m), (n) and (o)) :				
1995	Other non-current assets, others (note 9)	11,860	-	13,644	-	3100	Capital stock	2,490,017	19	2,490,017	18
	Total non-current assets	<u>9,723,496</u>	<u>74</u>	<u>9,975,091</u>	<u>72</u>	3200	Capital surplus	105,364	1	104,740	1
							Retained earnings :				
						3310	Legal reserve	1,172,557	9	1,050,888	8
						3320	Special reserve	131,650	1	485,496	3
						3350	Unappropriated retained earnings	2,565,229	20	3,107,766	22
								<u>3,869,436</u>	<u>30</u>	<u>4,644,150</u>	<u>33</u>
							Other equity interest :				
						3410	Exchange differences on translation of foreign financial statements	92,933	-	84,420	1
						3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	(191,191)	(1)	(192,039)	(1)
								<u>(98,258)</u>	<u>(1)</u>	<u>(107,619)</u>	<u>-</u>
							Total equity	<u>6,366,559</u>	<u>49</u>	<u>7,131,288</u>	<u>52</u>
Total assets		<u>\$ 13,077,079</u>	<u>100</u>	<u>13,836,576</u>	<u>100</u>		Total liabilities and equity	<u>\$ 13,077,079</u>	<u>100</u>	<u>13,836,576</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SESODA CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2023		2022	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4110	Operating revenue (notes 6(l) and (q))	\$ 5,879,183	100	8,025,189	100
5111	Operating cost (notes (e), (g), (h), (k), (m) and 7)	<u>5,019,654</u>	<u>85</u>	<u>5,177,065</u>	<u>64</u>
	Gross profit from operations	<u>859,529</u>	<u>15</u>	<u>2,848,124</u>	<u>36</u>
6000	Operating expenses (notes 6(d), (g), (h), (k), (m), (r) and 7):				
6100	Selling expenses	423,143	7	480,199	6
6200	Administrative expenses	290,408	5	538,550	7
6450	Expected credit loss (gain)	<u>(64,173)</u>	<u>(1)</u>	<u>80,851</u>	<u>1</u>
	Total operating expenses	<u>649,378</u>	<u>11</u>	<u>1,099,600</u>	<u>14</u>
6900	Net operating income	<u>210,151</u>	<u>4</u>	<u>1,748,524</u>	<u>22</u>
7000	Non-operating income and expenses (notes 6(b), (f), (g), (k) and (s)):				
7100	Interest income	38,738	1	6,619	-
7010	Other income	448	-	6,099	-
7020	Other gains and losses	21,445	-	120,725	1
7050	Finance costs	(224,280)	(4)	(113,880)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	<u>(33,250)</u>	<u>(1)</u>	<u>(166,422)</u>	<u>(2)</u>
	Total non-operating income and expenses	<u>(196,899)</u>	<u>(4)</u>	<u>(146,859)</u>	<u>(2)</u>
7900	Income before tax	13,252	-	1,601,665	20
7950	Less: Income tax expenses (note 6(n))	<u>41,710</u>	<u>1</u>	<u>397,243</u>	<u>5</u>
	Net income (loss)	<u>(28,458)</u>	<u>(1)</u>	<u>1,204,422</u>	<u>15</u>
8300	Other comprehensive income (notes 6(f), (m), (n) and (o)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains or losses on remeasurements of defined benefit plans	230	-	13,370	-
8316	Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	(109)	-	(48,874)	-
8320	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	1,522	-	(219)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>46</u>	<u>-</u>	<u>2,674</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>1,597</u>	<u>-</u>	<u>(38,397)</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	8,513	-	428,530	5
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>8,513</u>	<u>-</u>	<u>428,530</u>	<u>5</u>
8300	Other comprehensive income	<u>10,110</u>	<u>-</u>	<u>390,133</u>	<u>5</u>
	Total comprehensive income	<u>\$ (18,348)</u>	<u>(1)</u>	<u>1,594,555</u>	<u>20</u>
	Basic earnings per share				
9750	Basic earnings per share (note 6(p)) (expressed in New Taiwan Dollars)	<u>\$ (0.11)</u>		<u>4.84</u>	
9850	Diluted earnings per share (note 6(p)) (expressed in New Taiwan Dollars)	<u>\$ (0.11)</u>		<u>4.78</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SESODA CORPORATION AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent						Total other equity interest			
	Retained earnings						Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Total other equity interest	Total equity	
Balance at January 1, 2022	\$ 2,490,017	103,111	984,015	258,877	2,682,592	3,925,484	(344,110)	(141,395)	(485,505)	6,033,107
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	66,873	-	(66,873)	-	-	-	-	-
Special reserve	-	-	-	226,628	(226,628)	-	-	-	-	-
Cash dividends	-	-	-	-	(498,003)	(498,003)	-	-	-	(498,003)
Reversal of special reserve	-	-	-	(9)	9	-	-	-	-	-
Net income	-	-	-	-	1,204,422	1,204,422	-	-	-	1,204,422
Other comprehensive income	-	-	-	-	11,064	11,064	428,530	(49,461)	379,069	390,133
Total comprehensive income	-	-	-	-	1,215,486	1,215,486	428,530	(49,461)	379,069	1,594,555
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	1,183	1,183	-	(1,183)	(1,183)	-
Change in capital surplus	-	1,629	-	-	-	-	-	-	-	1,629
Balance at December 31, 2022	2,490,017	104,740	1,050,888	485,496	3,107,766	4,644,150	84,420	(192,039)	(107,619)	7,131,288
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	121,669	-	(121,669)	-	-	-	-	-
Reversal of special reserve	-	-	-	(353,846)	353,846	-	-	-	-	-
Cash dividends	-	-	-	-	(747,005)	(747,005)	-	-	-	(747,005)
Net loss	-	-	-	-	(28,458)	(28,458)	-	-	-	(28,458)
Other comprehensive income	-	-	-	-	749	749	8,513	848	9,361	10,110
Total comprehensive income	-	-	-	-	(27,709)	(27,709)	8,513	848	9,361	(18,348)
Change in capital surplus	-	624	-	-	-	-	-	-	-	624
Balance at December 31, 2023	\$ 2,490,017	105,364	1,172,557	131,650	2,565,229	3,869,436	92,933	(191,191)	(98,258)	6,366,559

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SESODA CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 13,252	1,601,665
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	543,325	516,592
Expected credit (gain) loss	(64,173)	80,851
Net (gains) losses on financial assets at fair value through profit or loss	(9,355)	6,387
Financial cost	224,280	113,880
Interest income	(38,738)	(6,619)
Dividend income	(106)	(6,078)
Share of loss of associates accounted for using equity method	33,250	166,422
Loss on disposal of property, plant and equipment	5,626	2,320
Property, plant and equipment transferred to expenses	36,767	43,904
Gain on lease modification	(2)	(116)
Total adjustments to reconcile profit (loss)	730,874	917,543
Changes in operating assets and liabilities:		
Decrease in notes receivable	18,179	17,525
Decrease (increase) in accounts receivable	155,817	(224,384)
Decrease (increase) in inventories	936,399	(738,573)
Increase in other current assets	(77,896)	(103,903)
(Increase) decrease in other current financial assets	(151,124)	36,586
Increase in net defined benefit assts	(4,807)	(4,823)
(Decrease) increase in accounts payable	(346,341)	252,247
(Decrease) increase in other payables	(82,663)	98,263
Increase in other current liabilities	99,481	40,507
Total changes in operating assets and liabilities	547,045	(626,555)
Cash inflow generated from operations	1,291,171	1,892,653
Interest received	35,939	5,843
Dividends received	106	13,065
Interest paid	(227,920)	(102,809)
Income taxes paid	(214,693)	(75,961)
Net cash flows from operating activities	884,603	1,732,791
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other profit or loss	-	(15,274)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	1,824
Proceeds from disposal of financial assets at fair value through profit or loss	4,429	-
Acquisition of property, plant and equipment	(384,859)	(406,225)
Proceeds from disposal of property, plant and equipment	460	2,299
(Increase) decrease in refundable deposits	2,425	(4,788)
Acquisition of right-of-use assets	(184)	(34)
Decrease in other non-current assets	-	169
Net cash used in investing activities	(377,729)	(422,029)
Cash flows from (used in) financing activities:		
Increase in short-term loans	11,564,053	8,949,235
Decrease in short-term loans	(11,372,308)	(8,903,495)
Increase in short-term notes and bills payable	500,000	-
Decrease in short-term notes and bills payable	(300,000)	-
Proceeds from long-term borrowings	735,000	-
Repayments of long-term borrowings	(585,718)	(539,949)
Payment of lease liabilities	(9,333)	(9,168)
Cash dividends paid	(747,005)	(498,003)
Other financing activities	624	1,629
Net cash used in financing activities	(214,687)	(999,751)
Effect on exchange rate changes on cash and cash equivalents	13,117	28,723
Net increase in cash and cash equivalents	305,304	339,734
Cash and cash equivalents at beginning of period	1,295,290	955,556
Cash and cash equivalents at end of period	\$ 1,600,594	1,295,290

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

SESODA CORPORATION, formerly called SOUTH EAST SODA MANUFACTURING CO., LTD., (hereinafter referred to as the “Company”) was incorporated on March 2, 1957 as a corporation limited by shares under the Company Act of the Republic of China (R.O.C.). The major business activities of the Company are the manufacturing and sales of pure soda ash, sodium bicarbonate, hydrochloric acid, ammonium bicarbonate power and potassium sulfate.

The Company and subsidiaries (the “Group”) are engaged in preceding business and vessel chartering. Please refer to note 14.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors as of March 11, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The net defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(o).

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non controlling interests, even if this results in the non controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding	
			December 31, 2023	December 31, 2022
The Company	Sesoda Steamship Corporation (SSC)	Ship operation and chartering	100.00 %	100.00 %
The Company	East Tender Trading Co., Ltd.	General trade and investments	100.00 %	100.00 %
The Company	Yukari Group Co., Ltd.	Wholesale of foods and groceries, sales of drinks and operation of restaurant	100.00 %	100.00 %
The Company	E-Teq Venture Co., Ltd.	Electronics components manufacturing, data storage media manufacturing and duplicating, general investments	100.00 %	100.00 %
The Company	Yun Sheng investment Co., Ltd.	General investments	100.00 %	100.00
The Company	Yun-Chen trading Co., Ltd.	International trade industry	-	- (Note)
The Company and SSC	Sesoda Investments (BVI) Ltd. (SIL)	Holding company	100.00 %	100.00 %
SSC	SS Marine Holding Corporation (SSMHC)	Holding company	100.00 %	100.00 %
SSC	Southeast Shipping Corporation (SESC)	Ship operation and chartering	100.00 %	100.00 %
SSC	Southeast Marine Globe Corporation (SMGC)	Ship operation and chartering	100.00 %	100.00 %
SSC	Southeast Marine Transport Corporation (SMTCC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Harmony Corporation (SEHC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Bulker Corporation (SEBC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Apex Corporation (SEAC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Marine Corporation (SEMC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Carrier Corporation (SECC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Evermore Corporation (SEEC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Fortune Corporation (SEFC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Royal Corporation (SERC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Delta Corporation (SEDC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Victory Corporation (SEVC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Glory Corporation (SEGC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Peace Corporation (SEPC)	Ship operation and chartering	100.00 %	100.00 %
SSMHC	SE Jasmine Corporation (SEJC)	Holding company	100.00 %	100.00 %
East Tender Trading Co., Ltd	Zai Feng Auto Transportation Co., Ltd.	Automobile cargo transportation business	100.00 %	100.00 %

(Note): Yun-Chen Trading Co., Ltd was dissolved on July 21, 2022 and liquidated on November 1, 2022.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income which is recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into NTD at the exchange rates of the reporting date. The income and expenses of foreign operations are translated into NTD at the average rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such monetary items that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
 - (ii) It is held primarily for the purpose of trading;
 - (iii) It is due to be settled within twelve months after the reporting period; or
 - (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.
- (f) Cash and cash equivalents

Cash comprises of cash on hand and cash in bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

- (g) Financial instruments

Accounts receivable is initially recognized when it is originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

- (i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) –equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Impairment of financial assets

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- Cash in bank, other receivable, other financial assets and refundable deposits for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group holds time deposits for domestic financial institutions, it is considered to be low credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities

1) Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. Moreover, a difference shall be debited to retained earnings when the balance of capital surplus resulting from investments accounted for using equity method is not sufficient to be written off. If the Group's ownership interest is reduced due to the additional subscription to the shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate or jointly controlled entity had directly disposed of the related assets or liabilities.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	5~50 years
2) Machinery and equipment	5~30 years
3) Transportation equipment	3~5 years
4) Vessels	10~25 years
5) Leasehold improvement	2~7 years
6) Other equipment	2~20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the assessment on whether it will have the option to exercise a purchase; or
- there is a change in the assessment on lease term as to whether it will be extended or terminated; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including office equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rental income'.

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets and net defined benefit assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

An impairment loss is recognized in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below:

1) Sale of goods

The Group recognizes revenue when control of the products has been transferred, when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered, as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Rental revenue

The Company provides rental of vessels and recognizes revenue using straight-line method over the lease term.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Government grants and government assistance

The Group recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as expense as the related services is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Short-term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations, or are recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
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(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

- 1) the same taxable entity; or
- 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to common shareholders of the Company. Basic earnings per share are calculated as the profit attributable to common shareholders of the Company divided by the weighted average number of common shares outstanding. Diluted earnings per share are calculated as the profit attributable to common shareholders of the Company divided by the weighted average number of common shares outstanding after adjustment for the effects of all potentially dilutive common shares, such as employee compensation.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The Company likely to be facing economic uncertainties such as natural disasters, international political uncertainties and inflation. Those events may have a significant impact in the next financial year on the following accounting estimates, which depend on the future forecasts.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

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SESODA CORPORATION AND SUBSIDIARIES
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(a) Judgment of whether the Group has substantive control over its investees

As of December 31, 2023 and 2022, the Group holds both 34.89%, of the outstanding voting shares of EAST TENDER OPTOELECTRONICS CORPORATION (EOC), and is the single largest shareholder of the investee. Although the remaining shares are not concentrated within specific shareholders, the Group still failed to obtain more than half of the total number of directors' seats of EOC and it also failed to obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group only has significant influence but not control over EOC.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of economic uncertainties:

(a) The loss allowance of accounts receivable

The Group has estimated the loss allowance of accounts receivable based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the expected credit loss rate to be used in calculating the impairments. However, in the face of future economic trends, the Group may cause changes in the expected credit loss rate, and may cause losses in the future or reverse the recognized credit losses. The allowance loss for accounts receivable please refer to note 6(d).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The valuation of inventories is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. The further description of the valuation of inventories, please refer to note 6(e).

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty Cash	\$ 18,457	26,319
Demand deposits	371,602	748,153
Time deposits	<u>1,210,535</u>	<u>520,818</u>
Cash and cash equivalents	<u><u>\$ 1,600,594</u></u>	<u><u>1,295,290</u></u>

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
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(b) Financial assets at fair value through profit or loss

	December 31, 2023	December 31, 2022
Foreign listed company's stocks	\$ 3,086	1,623
Open end Funds	-	4,215
Private Fund	16,744	8,908
Total	\$ 19,830	14,746
Current	\$ 3,086	1,623
Non-current	16,744	13,123
	\$ 19,830	14,746

In 2022, the Group acquired the private fund of CMIA Digital Gvowth VII (VC7) (original name: CMIA Digital Gvowth VII) and Yuanta Investment Grade Corporate Bond Fund, with a face value of \$13,739 and \$1,535, respectively. In 2023, due to the disposal of the Yuanta Investment Grade Bond Fund and Schroder ISF Emerging Asia A1 Accumulation, the Group received the amounts of \$1,573 and \$2,856 in cash, respectively, resulting in the losses of disposal of \$7 and \$17, respectively.

The aforementioned financial assets were not pledged.

(c) Financial assets at fair value through other comprehensive income-non-current

	December 31, 2023	December 31, 2022
Domestic listed companies' stocks	\$ 2,226	1,788
Foreign unlisted companies' stocks	77,217	77,764
Total	\$ 79,443	79,552

(i) Equity instruments at fair value through other comprehensive income

The Group held equity securities for long-term strategic purposes (and not for trading purposes) which have been designated as measured at fair value through other comprehensive income.

In 2022, due to the disposal of StemCyte International. Ltd., the Group received the amounts of \$1,603 in cash, resulting in the gain of \$1,183 to be reclassified from other equity to retained earnings.

Due to the disposal of Pushi Venture Capital Co., Ltd. and Puxun Venture Capital Co., Ltd. in 2021, the Group received the amounts \$221 and of \$4,417 in cash, for the years ended 2022 and 2021, respectively, resulting in the gain of \$3,669 to be reclassified from other equity to retained earnings in 2021.

(ii) For market risk, please refers to note 6(t).

(iii) The aforementioned financial assets were not pledged.

(Continued)

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(d) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 103,171	121,350
Accounts receivable—measured as amortized cost	619,517	775,334
Less: Loss allowance	(24,291)	(88,464)
Sub-total	595,226	686,870
Total	<u><u>\$ 698,397</u></u>	<u><u>808,220</u></u>

The Group applies the simplified approach to provide for its loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and days past due, as well as incorporate forward looking information. The loss allowance provision was determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 678,655	0~0.35%	2,279
1 to 30 days past due	18,541	2.11 %	391
31 to 60 days past due	2,629	18.38 %	483
61 to 90 days past due	4,995	64.08 %	3,201
More than 90 days past due	17,868	100.00 %	17,868
	<u><u>\$ 722,688</u></u>		<u><u>24,222</u></u>

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 779,352	0~1.35%	10,444
1 to 30 days past due	31,912	9.15 %	2,919
31 to 60 days past due	24,885	58.33 %	14,566
61 to 90 days past due	7,396	100.00 %	7,396
More than 90 days past due	53,139	100.00 %	53,139
	<u><u>\$ 896,684</u></u>		<u><u>88,464</u></u>

There was no material difference between the Group's allowance loss and expected credit loss at reporting date.

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SESODA CORPORATION AND SUBSIDIARIES
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The movements in the Group's notes and accounts receivable allowance losses were as follows:

	2023	2022
Balance at January 1	\$ 88,464	11,303
Impairment losses recognized	-	80,851
Impairment losses reversed	(64,173)	-
Amounts written off	-	(3,690)
Balance at December 31	<u><u>\$ 24,291</u></u>	<u><u>88,464</u></u>

The aforementioned financial assets were not pledged. For other credit risk, please refers to note 6(t).

(e) Inventories

	December 31, 2023	December 31, 2022
Merchandise	\$ 138,125	267,066
Finished goods	111,924	504,816
Raw materials	178,888	594,646
Fuel	4,489	6,138
Supplies	16,686	14,469
	<u><u>\$ 450,112</u></u>	<u><u>1,387,135</u></u>

Except for operating costs arising from the ordinary sale of inventories, other gains or losses directly recorded under operating cost were as follows:

	2023	2022
Unallocated overheads	\$ 30,407	11,718
Losses (gains) on valuation of inventories (Note)	(143,310)	163,703
Gains on inventories count	(10)	(31)
	<u><u>\$ (112,913)</u></u>	<u><u>175,390</u></u>

(Note) Reversal of the amount by which the net realizable value of inventories exceeds the carrying amount as of December 31, 2023.

As of December 31, 2023 and 2022, the inventories were not pledged.

(f) Investments accounted for using the equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Associates	<u><u>\$ 258,978</u></u>	<u><u>290,707</u></u>

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Associates

Name of Associates	Main business	Main operating location	Proportion of shareholding and voting rights	
			December 31, 2023	December 31, 2022
EOC (Note)	Manufacturing of DWDM filter components required for Optical communication	Yilan	34.89 %	34.89 %

	December 31, 2023	December 31, 2022
Fair value	<u>\$ 328,865</u>	<u>292,532</u>

(Note) As of December 31, 2023 and 2022, the Group holds both 34.89% of the outstanding voting shares of EAST TENDER OPTOELECTRONICS CORPOATION (EOC), and is the single largest shareholder of the investee. The Group failed to obtain more than half of the total number of directors' seats of EOC and it also failed to obtain more than half of the voting rights at a shareholder' meeting. Therefore, it is determined that the Group only has significant influence but not control, over EOC.

The financial information of EOC was as follows:

	December 31, 2023	December 31, 2022
Current assets	\$ 252,156	306,676
Non-current assets	639,323	670,665
Current liabilities	(77,832)	(68,641)
Non-current liabilities	(109,854)	(127,322)
Net assets	<u>\$ 703,793</u>	<u>781,378</u>
Net assets attributable to the Group	<u>\$ 245,553</u>	<u>272,623</u>
	2023	2022
Operating revenue	<u>\$ 108,363</u>	<u>170,177</u>
Loss from continuing operations	\$ (81,945)	(17,618)
Other comprehensive income (loss)	4,360	(628)
Total comprehensive loss	<u>\$ (77,585)</u>	<u>(18,246)</u>
Comprehensive loss attributable to the Group	<u>\$ (31,729)</u>	<u>(11,026)</u>
	2023	2022
Share of net assets of associates as of January 1	\$ 290,707	464,335
Comprehensive loss attributable to the Group	(31,729)	(11,026)
Dividends received from associates	-	(6,987)
Impairment loss	-	(155,615)
Share of net assets of associates as of December 31	<u>\$ 258,978</u>	<u>290,707</u>

(Continued)

SESODA CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The aforementioned impairment loss recognized as the book value of the Group's investment in EOC was lowered than the recoverable value (fair value).

- (ii) The Group did not provide any investments accounted for using the equity method as collateral.

(g) Property, plant and equipment

The cost, depreciation and impairment of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022 were as follows:

		Land	Buildings	Machinery and equipment	Transportation equipment	Vessels	Leasehold improvements	Other equipment	Construction in progress	Total
Cost:										
Balance on January 1, 2023	\$	1,204,924	742,136	1,550,634	41,754	11,142,641	19,221	245,534	339,691	15,286,535
Additions		-	320	1,957	11,750	101,080	557	92,676	185,279	393,619
Disposals		-	-	(220)	(3,350)	(88,758)	-	(1,352)	-	(93,680)
Reclassification (Note)		-	65,724	216,054	-	(1,596)	-	(45,176)	(272,744)	(37,738)
Effect on changes in foreign exchange rates		-	-	-	-	(154)	-	(63)	-	(217)
Balance on December 31, 2023	\$	<u>1,204,924</u>	<u>808,180</u>	<u>1,768,425</u>	<u>50,154</u>	<u>11,153,213</u>	<u>19,778</u>	<u>291,619</u>	<u>252,226</u>	<u>15,548,519</u>
Balance on January 1, 2022	\$	1,204,924	735,366	1,506,615	44,604	10,012,002	19,221	237,919	108,049	13,868,700
Additions		-	200	2,409	-	52,529	-	118,958	221,678	395,774
Disposals		-	-	(4,847)	(2,850)	(19,292)	-	(8,185)	-	(35,174)
Reclassification (Note)		-	6,570	46,457	-	-	-	(105,042)	9,964	(42,051)
Effect on changes in foreign exchange rates		-	-	-	-	1,097,402	-	1,884	-	1,099,286
Balance on December 31, 2022	\$	<u>1,204,924</u>	<u>742,136</u>	<u>1,550,634</u>	<u>41,754</u>	<u>11,142,641</u>	<u>19,221</u>	<u>245,534</u>	<u>339,691</u>	<u>15,286,535</u>
Depreciation and impairments loss:										
Balance on January 1, 2023	\$	-	499,697	1,208,675	33,028	3,944,504	14,645	113,078	-	5,813,627
Depreciation		-	16,515	66,698	3,725	432,983	1,580	12,586	-	534,087
Disposals		-	-	(220)	(3,350)	(82,672)	-	(1,352)	-	(87,594)
Effect on changes in foreign exchange rates		-	-	-	-	(5,059)	-	(14)	-	(5,073)
Balance on December 31, 2023	\$	<u>-</u>	<u>516,212</u>	<u>1,275,153</u>	<u>33,403</u>	<u>4,289,756</u>	<u>16,225</u>	<u>124,298</u>	<u>-</u>	<u>6,255,047</u>
Balance on January 1, 2022	\$	-	484,423	1,154,358	31,240	3,186,921	12,372	104,995	-	4,974,309
Depreciation		-	15,274	59,164	4,638	413,113	2,273	12,895	-	507,357
Disposals		-	-	(4,847)	(2,850)	(16,365)	-	(6,493)	-	(30,555)
Effect on changes in foreign exchange rates		-	-	-	-	360,835	-	1,681	-	362,516
Balance on December 31, 2022	\$	<u>-</u>	<u>499,697</u>	<u>1,208,675</u>	<u>33,028</u>	<u>3,944,504</u>	<u>14,645</u>	<u>113,078</u>	<u>-</u>	<u>5,813,627</u>
Carrying amounts:										
Balance on December 31, 2023	\$	<u>1,204,924</u>	<u>291,968</u>	<u>493,272</u>	<u>16,751</u>	<u>6,863,457</u>	<u>3,553</u>	<u>167,321</u>	<u>252,226</u>	<u>9,293,472</u>
Balance on January 1, 2022	\$	<u>1,204,924</u>	<u>250,943</u>	<u>352,257</u>	<u>13,364</u>	<u>6,825,081</u>	<u>6,849</u>	<u>132,924</u>	<u>108,049</u>	<u>8,894,391</u>
Balance on December 31, 2022	\$	<u>1,204,924</u>	<u>242,439</u>	<u>341,959</u>	<u>8,726</u>	<u>7,198,137</u>	<u>4,576</u>	<u>132,456</u>	<u>339,691</u>	<u>9,472,908</u>

Note: Transfer from construction in progress and transfer to expense.

(i) Pledge information

Please refer to note 8 for the pledged and collateral information of the property, plant and equipment.

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SESODA CORPORATION AND SUBSIDIARIES
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(ii) Capitalization of interest

	<u>2023</u>	<u>2022</u>
Capitalized amount	\$ <u>4,192</u>	<u>2,045</u>
Interest rates	<u>1.80%~1.92%</u>	<u>0.96%~1.68%</u>

(h) Right-of-use assets

The Group leases buildings and transportation equipment. The movements in right-of-use assets were as follows:

	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2023	\$ 18,582	13,368	31,950
Additions	739	1,770	2,509
Disposals	<u>(720)</u>	<u>(2,492)</u>	<u>(3,212)</u>
Balance at December 31, 2023	<u>\$ 18,601</u>	<u>12,646</u>	<u>31,247</u>
Balance at January 1, 2022	\$ 18,580	14,891	33,471
Additions	3,458	6,524	9,982
Disposals	<u>(3,456)</u>	<u>(8,047)</u>	<u>(11,503)</u>
Balance at December 31, 2022	<u>\$ 18,582</u>	<u>13,368</u>	<u>31,950</u>
Accumulated depreciation:			
Balance at January 1, 2023	\$ 10,343	6,225	16,568
Depreciation	3,987	5,251	9,238
Disposals	<u>(708)</u>	<u>(1,869)</u>	<u>(2,577)</u>
Balance at December 31, 2023	<u>\$ 13,622</u>	<u>9,607</u>	<u>23,229</u>
Balance at January 1, 2022	\$ 9,811	3,173	12,984
Depreciation	3,988	5,247	9,235
Disposals	<u>(3,456)</u>	<u>(2,195)</u>	<u>(5,651)</u>
Balance at January 1, 2022	<u>\$ 10,343</u>	<u>6,225</u>	<u>16,568</u>
Carrying amounts:			
Balance at December 31, 2023	<u>\$ 4,979</u>	<u>3,039</u>	<u>8,018</u>
Balance at January 1, 2022	<u>\$ 8,769</u>	<u>11,718</u>	<u>20,487</u>
Balance at December 31, 2022	<u>\$ 8,239</u>	<u>7,143</u>	<u>15,382</u>

The Group leases the building as a storefront and parking space. The lease period is usually one to four year; the lease period of the leased transportation equipment is usually one to three years.

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(i) Short-term and long-term borrowings

(i) The short-term borrowings were summarized as follows:

December 31, 2023				
	Currency	Interest rate	Maturity date	Amount
Unsecured bank loans	NTD	1.58%~2.11%	2024/1/11~2024/7/4	\$ 1,150,000
Unsecured bank loans	USD	6.05%~6.16%	2024/1/15~2024/1/29	660,265
				<u><u>\$ 1,810,265</u></u>
Unused credit lines (including short-term and long-term borrowings)				<u><u>\$ 2,612,335</u></u>

December 31, 2022				
	Currency	Interest rate	Maturity date	Amount
Secured bank loans	NTD	1.63%~2.46%	2023/4/26~2023/6/21	\$ 690,000
Unsecured bank loans	NTD	1.33%~1.97%	2023/3/7~2023/7/4	560,000
Unsecured bank loans	USD	5.22%~5.42%	2023/1/5~2023/1/19	368,520
				<u><u>\$ 1,618,520</u></u>
Unused credit lines (including short-term and long-term borrowings)				<u><u>\$ 2,244,851</u></u>

For the collateral for short-term borrowings, please refer to note 8.

(ii) The long-term borrowings were summarized as follows:

December 31, 2023				
	Currency	Interest rate	Maturity year	Amount
Secured bank loans	USD	6.33%~6.89%	2024~2029	\$ 2,275,707
Secured bank loans	NTD	2.10%~2.14%	2024~2028	735,000
Less: current portion				476,845
Total				<u><u>\$ 2,533,862</u></u>
Unused long-term credit lines				<u><u>\$ -</u></u>

December 31, 2022				
	Currency	Interest rate	Maturity year	Amount
Secured bank loans	USD	4.83%~6.05%	2023~2029	\$ 2,853,402
Less: current portion				516,275
Total				<u><u>\$ 2,337,127</u></u>

For the collateral for long-term borrowings, please refer to note 8.

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SESODA CORPORATION AND SUBSIDIARIES
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(j) Short-term notes and bills payable

Item	December 31, 2023		
	Guarantee or acceptance institution	Range of interest rate	Amount
Short-term notes and bills payable	MEGA BILLS HSINCHU BRANCH	1.75%	\$ 200,000
Less: Discount			(173)
Total			<u>\$ 199,827</u>
Unused credit line			<u>\$ -</u>

As of December 31, 2023, the short-term notes and bills payable were not provided assets for collateral.

(k) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2023	December 31, 2022
Current	<u>\$ 5,599</u>	<u>8,229</u>
Non-current	<u>\$ 2,681</u>	<u>7,696</u>

For the liquidity analysis, please refer to note 6(t).

The amounts recognized in profit or loss was as follows:

	2023	2022
Interest expenses on lease liabilities	<u>\$ 176</u>	<u>240</u>
Expenses relating to leases of low-value assets	<u>\$ 9,219</u>	<u>9,821</u>

The amounts recognized in the statement of cash flows were as follows:

	2023	2022
Total cash outflow for leases	<u>\$ 18,728</u>	<u>19,229</u>

(l) Operating lease

The Group's shipping industry focuses on lightweight bulk carriers, which are mainly based on the wide range of navigation. Ship chartering for large cargo owners and shipping companies adopts the hourly chartering model.

As of December 31, 2023 and 2022, the carrying amounts of vessels were \$6,863,457 and \$7,198,137, respectively, recognized as property, plant and equipment.

As of December 31, 2023, the Group chartered out its entire vessels.

For the years ended December 31, 2023 and 2022, the income from chartering amounted to \$1,760,185 and \$2,662,617, respectively.

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A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2023	December 31, 2022
Less than one year	\$ 520,806	762,563
One to two years	-	99,771
Total undercounted lease receivables	<u>\$ 520,806</u>	<u>862,334</u>

(m) Employee benefits

(i) Defined benefit plans

Reconciliations of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	\$ 104,749	114,187
Fair value of plan assets	(151,690)	(156,090)
Net defined benefit assets	<u>\$ (46,941)</u>	<u>(41,903)</u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$151,690 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
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2) Movements in present value of the defined benefit obligation

Movements in the present value of the defined benefit obligations were as follows:

	2023	2022
Defined benefit obligations at January 1	\$ 114,187	138,427
Current service costs and interest cost	1,718	723
Remeasurements of the net defined benefit asset:		
— Actuarial gains or losses arising from financial assumption	792	194
Benefits paid	(11,948)	(25,157)
Defined benefit obligations at December 31	<u><u>\$ 104,749</u></u>	<u><u>114,187</u></u>

3) Movements in fair value of the defined benefit plan assets

Movements in the fair value of the plan assets were as follows:

	2023	2022
Fair value of plan assets at January 1	\$ 156,090	162,137
Interest revenue	2,324	796
Remeasurements of the net defined benefit asset:		
— Actuarial gains or losses arising from financial assumption	1,022	13,564
Amounts contributed to plan	4,202	4,750
Benefits paid	(11,948)	(25,157)
Fair value of plan assets at December 31	<u><u>\$ 151,690</u></u>	<u><u>156,090</u></u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or losses were as follows:

	2023	2022
Current service costs	\$ 54	59
Net interest expense of net defined benefit assets	(660)	(132)
	<u><u>\$ (606)</u></u>	<u><u>(73)</u></u>
	2023	2022
Operating cost	\$ (538)	(66)
Operating expenses	(68)	(7)
	<u><u>\$ (606)</u></u>	<u><u>(73)</u></u>

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 5) The remeasurements of net defined benefit liabilities (assets) recognized in other comprehensive income

The remeasurements of net defined benefit liabilities (assets) recognized in other comprehensive income were as follows:

	<u>2023</u>	<u>2022</u>
Balance at the beginning	\$ 1,549	(11,821)
Recognized in the current period	<u>230</u>	<u>13,370</u>
Balance at the beginning	<u><u>\$ 1,779</u></u>	<u><u>1,549</u></u>

- 6) Actuarial assumptions

The principal actuarial assumptions were as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Discount rate	1.375 %	1.500 %
Future salary increasing rate	3.000 %	3.000 %

The Group expects to make contributions of \$3,871 to the defined benefit plans in the next year starting from December 31, 2023.

The weighted average duration of the defined benefit plans is 6.62 years.

- 7) Sensitivity analysis

The changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

	<u>Influences on defined benefit obligations</u>	
	<u>Increased</u>	<u>Decreased</u>
December 31, 2023		
Discount rate decrease (increase) 0.25%	\$ 1,177	(1,152)
Future salary increasing rate increase (decrease) 0.25%	1,117	(1,099)
December 31, 2022		
Discount rate decrease (increase) 0.25%	1,435	(1,404)
Future salary increasing rate increase (decrease) 0.25%	1,363	(1,341)

There is no change in other assumptions when performing the above mentioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net pension liabilities.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

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SESODA CORPORATION AND SUBSIDIARIES
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(ii) Defined contribution plans

The Group set aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Group set aside a fixed amount to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted for the years ended December 31, 2023 and 2022 were as follow:

	<u>2023</u>	<u>2022</u>
Operating cost	\$ 3,512	3,200
Operating expense	<u>2,385</u>	<u>2,305</u>
Total	<u><u>\$ 5,897</u></u>	<u><u>5,505</u></u>

(iii) Others

The Group paid and recognized the severance pay for the years ended December 31, 2023 and 2022 as follow:

	<u>2023</u>	<u>2022</u>
Operating cost	\$ 1,063	1,680
Operating expense	<u>1,207</u>	<u>140</u>
Total	<u><u>\$ 2,270</u></u>	<u><u>1,820</u></u>

(n) Income taxes

(i) Income tax expense

The amounts of income tax for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current tax expense		
Current period	\$ 5,226	216,514
Adjustment for prior periods	<u>(3,344)</u>	<u>(2,872)</u>
	<u>1,882</u>	<u>213,642</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>39,828</u>	<u>183,601</u>
Income tax expense from continuing operations	<u><u>\$ 41,710</u></u>	<u><u>397,243</u></u>

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SESODA CORPORATION AND SUBSIDIARIES
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The amounts of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ <u>46</u>	<u>2,674</u>

Reconciliations of income tax expenses and profit before tax for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Profit before tax	\$ <u>13,252</u>	<u>1,601,665</u>
Income tax using the Company's domestic tax rate	\$ 2,650	320,333
The income tax effects on permanent difference	9,018	37,406
Change in unrecognized temporary differences	(1,453)	42,350
Additional tax on unappropriated earnings	35,093	-
Adjustment for prior periods	(3,344)	(2,872)
Others	(254)	26
	\$ <u>41,710</u>	<u>397,243</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2023 and 2022. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Aggregate amount of temporary differences related to investments in subsidiaries	\$ <u>455,012</u>	<u>455,012</u>

2) Recognized deferred tax assets and liabilities

Deferred Tax Assets:

	<u>Refund liability</u>	<u>Unrealized exchange loss</u>	<u>Loss on valuation of inventories</u>	<u>Expected credit loss</u>	<u>Total</u>
Balance at January 1, 2023	\$ 84	-	32,776	15,012	47,872
Recognized in profit or loss	-	1,276	(28,662)	(12,446)	(39,832)
Balance at December 31, 2023	\$ <u>84</u>	<u>1,276</u>	<u>4,114</u>	<u>2,566</u>	<u>8,040</u>
Balance at January 1, 2022	\$ -	218	30	-	248
Recognized in profit or loss	84	(218)	32,746	15,012	47,624
Balance at December 31, 2022	\$ <u>84</u>	<u>-</u>	<u>32,776</u>	<u>15,012</u>	<u>47,872</u>

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SESODA CORPORATION AND SUBSIDIARIES
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Deferred Tax Liability:

	Land value increment tax	Investment income under equity method	Unrealized exchange gain	Defined benefit plans	Total
Balance at January 1, 2023	\$ 166,884	568,137	966	8,373	744,360
Recognized in profit or loss	-	-	(966)	962	(4)
Recognized in other comprehensive income	-	-	-	46	46
Balance at December 31, 2023	\$ 166,884	568,137	-	9,381	744,402
Balance at January 1, 2022	\$ 166,884	338,842	-	4,734	510,460
Recognized in profit or loss	-	229,295	966	965	231,226
Recognized in other comprehensive income	-	-	-	2,674	2,674
Balance at December 31, 2022	\$ 166,884	568,137	966	8,373	744,360

(iii) Assessment

The Company's income tax returns for all years through 2021 were assessed by the tax authorities.

(o) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the total value of authorized ordinary shares was 3,000,000, with a par value of NTD10 per share. The Group has issued 249,002 thousand ordinary shares, all of which have been paid up.

(ii) Capital surplus

The detail of capital surplus were as follows:

	December 31, 2023	December 31, 2022
The subsidiaries acquired cash dividend from the Company	\$ 4,079	4,079
Gain on the subsidiaries sale of the Company's stock	2,379	2,379
Increase through changes in ownership interests in associates	91,152	91,152
Donation from shareholders	7,754	7,130
	\$ 105,364	104,740

In accordance with Company Act, realized capital reserves can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the actual amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

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SESODA CORPORATION AND SUBSIDIARIES
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(iii) Retained earnings

The Company's Article of Incorporation stipulates that the Company's net earnings should first be used to offset the prior years' deficits, if any, after paying any income taxes, of the remaining balance 10% is to be appropriated as legal reserve until the accumulated legal reserve equals the Company's capital; a special reserve should also be set aside in accordance with the relevant regulations or as requested by the authorities. Any balance left over and the beginning balance of retaining earnings shall be distributed by way of cash or stock dividends; and the ratio for all dividends shall exceed 1% of the remaining earnings. The Company's appropriations of earnings are decided in the meeting of the Board of Directors and are presented for approval in the Company's shareholders' meeting.

However, dividends issued in cash may be approved by the Board of Directors with more than two thirds of the directors' attendance, and resolved by more than half of the directors; thereafter, reported in the shareholders' meeting.

In response to the Company's long term development needs, the Company's capital structure and long-term financial planning were taken into consideration. Therefore, the Company formulated its dividend policy based on its operating performance and principle of balanced dividend payments. Furthermore, the proportion of cash dividend payment shall be no less than 20% of the current year's dividend, which should all be distributed in cash.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

The Company applied for exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards endorsed by the FSC. Upon the Company's initial adoption of the above standards, its unrealized revaluation increments and cumulative translation adjustments under shareholders' equity had been reclassified to retained earnings at the adoption date. In accordance with Rule No. 1010012865 issued by the FSC on April 6, 2012, an increase in retained earnings, due to the first-time adoption of the IFRSs endorsed by the FSC, shall be reclassified as a special reserve during earnings distribution. However, when the adjusted retained earnings, due to the first-time adoption of the IFRSs endorsed by the FSC, are insufficient for the appropriation of special reserve at the transition date, the Company may appropriate a special reserve equals the amount of increase in retained earnings. Upon the use, disposal, or reclassification of its related assets, the Company may reverse the special reserve proportionately. As of December 31, 2023 and 2022, the special reserve were both \$131,650.

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A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special reserve resulting from the first-time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2023 and 2022, the special reserve were \$0 and \$353,846, respectively.

(iv) Earnings distribution

The appropriations of earning for 2022 had been approved in Board of Directors' and shareholders' meetings held on March 27, 2023. The appropriations of earning for 2021 had been approved in Board of Directors' meetings held on March 24, 2022. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share (NTD)	Total amount	Amount per share (NTD)	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 3.00	<u>\$ 747,005</u>	2.00	<u>498,003</u>

On March 11, 2023, the Company's Board of Directors' meeting resolved to appropriate the 2023 earnings. The earnings were appropriated as follows:

	2023	
	Amount per share (NTD)	Total amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 1.50	<u>373,502</u>

(v) Other equity interests, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2023	\$ 84,420	(192,039)	(107,619)
Exchange differences on foreign operations	8,513	-	8,513
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	(674)	(674)
Unrealized gains or losses from financial assets on accounted for using equity method	-	1,522	1,522
Balance as of December 31, 2023	<u>\$ 92,933</u>	<u>(191,191)</u>	<u>(98,258)</u>

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SESODA CORPORATION AND SUBSIDIARIES
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	Exchange differences on translation of foreign financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2022	\$ (344,110)	(141,395)	(485,505)
Exchange differences on foreign operations	428,530	-	428,530
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	(49,242)	(49,242)
Unrealized gains or losses from financial assets on accounted for using equity method	-	(219)	(219)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(1,183)	(1,183)
Balance as of December 31, 2022	<u>\$ 84,420</u>	<u>(192,039)</u>	<u>(107,619)</u>

(p) Earnings per share

For the years ended December 31, 2023 and 2022, the Company's earnings per share were calculated as follows:

(i) Basic earnings per share

	2023	2022
Profit belonging to common shareholders	\$ <u>(28,458)</u>	<u>1,204,422</u>
Weighted average number of outstanding shares of common stock (in thousand shares)	<u>249,002</u>	<u>249,002</u>
Basic earnings per share (in NTD)	<u>\$ (0.11)</u>	<u>4.84</u>

(ii) Diluted earnings per share

	2023	2022
Profit (loss) belonging to common shareholders	\$ <u>(28,458)</u>	<u>1,204,422</u>
Weighted average number of outstanding shares of common stock (in thousand shares)	249,002	249,002
Effect on potentially dilutive common stock-employee remuneration (in thousand shares) (Note)	-	2,795
Weighted average number of common stock (diluted) (in thousand shares)	<u>249,002</u>	<u>251,797</u>
Diluted earnings per share (in NTD)	<u>\$ (0.11)</u>	<u>4.78</u>

(Note): The employee remuneration that was not included in the weighted average number of diluted common stock were 616 thousand shares in 2023, which did not need to be included because it has an anti-dilution effect.

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(q) Revenue from contracts with customers

2023						
	Chemical products	Charting	Catering	Freight	Others	Total
Primary geographical markets:						
Taiwan	\$ 1,583,061	-	43,288	54	1,042	1,627,445
Singapore	-	863,163	-	-	-	863,163
Denmark	-	725,335	-	-	-	725,335
Japan	576,823	937	-	-	-	577,760
Pakistan	451,081	-	-	-	-	451,081
India	225,753	-	-	-	-	225,753
Australia	160,620	29,879	-	-	-	190,499
Mexico	147,439	-	-	-	-	147,439
Other countries	929,837	140,871	-	-	-	1,070,708
	\$ 4,074,614	1,760,185	43,288	54	1,042	5,879,183
2022						
	Chemical products	Charting	Catering	Total		
Primary geographical markets:						
Taiwan	\$ 1,861,513	8,132	52,149			1,921,794
Denmark	-	684,616	-			684,616
Peru	565,349	-	-			565,349
Singapore	-	1,211,472	-			1,211,472
Japan	954,164	29,271	-			983,435
Pakistan	304,768	-	-			304,768
Mozambique	263,385	-	-			263,385
Bahamas	-	308,505	-			308,505
Other countries	1,361,244	420,621	-			1,781,865
	\$ 5,310,423	2,662,617	52,149			8,025,189

(r) Remuneration to employees and directors

In accordance with the articles of incorporation which was amended by the shareholders' meeting on May 20, 2022, the Company should contribute 1.2% of special bonus, 4.8% of employee remuneration, and less than 2.5% of directors' remuneration when there is profit for the year. However, if the Company has accumulated deficit, the profit should be reserved to offset the deficit.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration, amounting to \$693 and \$83,982, special bonus amounting to \$173 and \$20,995, and directors' remuneration amounting to \$361 and \$43,741, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the employee remuneration, special bonus and directors' remuneration of each period, multiplied by the percentage of employee remuneration, special bonus and directors' remuneration as specified in the Company's articles. These remunerations and bonuses were expensed under operating expenses for each period. Related information would be available at the Market Observation Post System website. The amounts stated in the consolidated financial statements are identical to those of the actual distributions for 2023 and 2022.

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SESODA CORPORATION AND SUBSIDIARIES
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(s) Non-operating income and expenses

(i) Interest revenue

	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ <u>38,738</u>	<u>6,619</u>

(ii) Other revenue

	<u>2023</u>	<u>2022</u>
Rental income	\$ 342	21
Dividend income	106	6,078
Total	\$ <u>448</u>	<u>6,099</u>

(iii) Other gains and losses

	<u>2023</u>	<u>2022</u>
Foreign exchange gains (losses)	\$ (32,107)	87,261
Gains (losses) on financial assets at for value through profit or loss	9,355	(6,387)
Losses on disposals of property, plant and equipment	(5,626)	(2,320)
Insurance claims deductible	(6,730)	-
Compensation income	41,784	5
Subsidy to crew bonus	17,430	16,763
Subsidy to communication fee	7,436	7,442
Price difference from fuel	8,629	16,525
Others	(18,726)	1,436
Total	\$ <u>21,445</u>	<u>120,725</u>

(iv) Finance costs

	<u>2023</u>	<u>2022</u>
Interest expenses – bank loan	\$ (224,104)	(113,640)
Interest expenses – lease liabilities	(176)	(240)
Total	\$ <u>(224,280)</u>	<u>(113,880)</u>

(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Concentration of credit risk

For the years ended December 31, 2023 and 2022, there were 24% and 37% of the Group's account receivable balance were both composed of 3 customers. In order to reduce the credit risk of accounts receivable, the Group continuously evaluated the financial position of customers, regularly assessed the possibility of collection of accounts receivables and recognized allowance losses. The impairment loss was within the manager's expectation.

3) Receivables securities

For credit risk exposure of notes and accounts receivable, please refer to note 6(d).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flows	Within 1 year	1-2 year	2-5 year	Over 5 years
December 31, 2023						
Non-derivative financial liabilities						
Short-term borrowing	\$ 1,810,265	1,817,128	1,817,128	-	-	-
Short-term notes and bills payable	199,827	200,000	200,000	-	-	-
Long-term borrowing (including current portion)	3,010,707	3,433,344	628,409	806,024	1,763,210	235,701
Accounts payable	304,066	304,066	304,066	-	-	-
Other payables	430,620	430,620	430,620	-	-	-
Lease liability	8,280	8,367	5,670	2,560	137	-
	<u>\$ 5,763,765</u>	<u>6,193,525</u>	<u>3,385,893</u>	<u>808,584</u>	<u>1,763,347</u>	<u>235,701</u>
December 31, 2022						
Non-derivative financial liabilities						
Short-term borrowing	\$ 1,618,520	1,628,914	1,628,914	-	-	-
Long-term borrowing (including current portion)	2,853,402	3,382,980	668,684	561,346	1,676,551	476,399
Accounts payable	650,407	650,407	650,407	-	-	-
Other payables	507,349	507,349	507,349	-	-	-
Lease liability	15,925	16,168	8,386	5,085	2,697	-
	<u>\$ 5,645,603</u>	<u>6,185,818</u>	<u>3,463,740</u>	<u>566,431</u>	<u>1,679,248</u>	<u>476,399</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk were as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency (thousand dollars)	Exchange rate	NTD	Foreign currency (thousand dollars)	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 45,931	30.71	1,410,541	27,340	30.71	839,611
<u>Non-monetary items</u>						
CNY	56,646	4.33	245,277	56,646	4.41	249,809
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	8,000	30.71	245,680	20,178	30.71	619,666

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, short-term loans and accounts payable that are denominated in foreign currency. A depreciation (appreciation) 1 % of NTD against the USD for the years ended December 31, 2023 and 2022 would have increased (decreased) the net profit before tax by \$11,649 and \$2,199, respectively. The analysis assumes that all other variables remain constant.

Since the Group has many kinds of functional currencies, the information on foreign exchange gains or losses on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$(32,107) and \$87,261, respectively.

(iv) Interest rate risk

Please refer to the attached note for the liquidity risk and the Group's interest rate exposure to its financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

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If the interest rate increases (decreases) by 1%, the Group's net profit before tax would have decreased (increased) by \$48,210 and \$44,719 for the years ended December 31, 2023 and 2022, respectively, all other variable factors that remain constant. This is mainly due to the Group's borrowing in floating rates.

(v) Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Prices of securities at the reporting date	2023		2022	
	Other comprehensive income before tax	Income before tax	Other comprehensive income before tax	Income before tax
Increasing 1%	\$ <u>794</u>	<u>198</u>	<u>796</u>	<u>147</u>
Decreasing 1%	\$ <u>(794)</u>	<u>(198)</u>	<u>(796)</u>	<u>(147)</u>

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Group's financial assets and liabilities are valued approximately to their fair value, and are not based on observable market data and the value measurements which are not reliable. No additional fair value disclosure is required in accordance with the regulations.

	December 31, 2023				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Foreign listed company's stocks	\$ 3,086	3,086	-	-	3,086
Private fund	<u>16,744</u>	<u>-</u>	<u>-</u>	<u>16,744</u>	<u>16,744</u>
Subtotal	<u>19,830</u>	<u>3,086</u>	<u>-</u>	<u>16,744</u>	<u>19,830</u>
Financial assets at fair value through other comprehensive income					
Domestic listed company's stocks	2,226	2,226	-	-	2,226
Foreign unlisted companies' stocks	<u>77,217</u>	<u>-</u>	<u>-</u>	<u>77,217</u>	<u>77,217</u>
Subtotal	<u>79,443</u>	<u>2,226</u>	<u>-</u>	<u>77,217</u>	<u>79,443</u>
Total	<u>\$ 99,273</u>	<u>5,312</u>	<u>-</u>	<u>93,961</u>	<u>99,273</u>

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SESODA CORPORATION AND SUBSIDIARIES
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December 31, 2022					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Foreign listed company's stocks	\$ 1,623	1,623	-	-	1,623
Open end funds	4,215	4,215	-	-	4,215
Private fund	<u>8,908</u>	<u>-</u>	<u>-</u>	<u>8,908</u>	<u>8,908</u>
Subtotal	<u>14,746</u>	<u>5,838</u>	<u>-</u>	<u>8,908</u>	<u>14,746</u>
Financial assets at fair value through other comprehensive income					
Domestic listed company's stocks	1,788	1,788	-	-	1,788
Foreign unlisted companies' stocks	<u>77,764</u>	<u>-</u>	<u>-</u>	<u>77,764</u>	<u>77,764</u>
Subtotal	<u>79,552</u>	<u>1,788</u>	<u>-</u>	<u>77,764</u>	<u>79,552</u>
Total	<u><u>\$ 94,298</u></u>	<u><u>7,626</u></u>	<u><u>-</u></u>	<u><u>86,672</u></u>	<u><u>94,298</u></u>

2) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

The fair value of financial assets and liabilities traded in an active market is based on the quoted market prices. The quotation, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Central Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with open bid.

A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm's length basis.

Except for the above-mentioned financial instruments traded in an active market, the fair value is based on the valuation techniques or the quotation from the counterparty. The fair value refers to the current fair value of the other financial instruments with similar conditions and characteristics, using a discounted cash flow analysis or other valuation techniques, such as calculations of using models (for example, applicable yield curve from Taipei Exchange, or average quoted price on interest rate of commercial paper from Reuters), based on the information acquired from the market at the balance sheet date.

When the financial instrument of the Group is not traded in an active market, its fair value is determined as follows:

- Unquoted equity instruments: The fair value is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value is discounted for its lack of liquidity in the market.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Reconciliation of Level 3 fair values

	As fair value through profit or loss	Fair value through other comprehensive income	
	Private funds	Unquoted equity instrument	Total
Balance as of January 1, 2023	\$ 8,908	77,764	86,672
Total gains and losses recognized:			
In profit or losses	7,836	-	7,836
In other comprehensive income	-	(547)	(547)
Balance as of December 31, 2023	<u>\$ 16,744</u>	<u>77,217</u>	<u>93,961</u>
Balance as of January 1, 2022	\$ -	115,850	115,850
Total gains and losses recognized:			
In profit or losses	(4,831)	-	(4,831)
In other comprehensive income	-	(37,681)	(37,681)
Purchase	13,739	-	13,739
Disposals	-	(429)	(429)
Effect on changes in foreign exchange rates	-	24	24
Balance as of December 31, 2022	<u>\$ 8,908</u>	<u>77,764</u>	<u>86,672</u>

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value were “financial assets measured at fair value through profit or loss - private fund” and “financial assets measured at fair value through other comprehensive income - equity investments”.

Most of the Group's financial instruments and privately offered funds that use level 3 inputs to measure fair value have multiple significant unobservable inputs. There is no correlation existence among the significant unobservable inputs of equity investments and private funds that have no active markets because they were independent of each other.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss-private fund	Comparable listed companies approach	<ul style="list-style-type: none"> ·PB ratio (as of December 31, 2023 was 0.27~3.29) ·EBITDA (as of December 31, 2023 was 9.32~14.39) ·Market liquidity discount rate (as of December 31, 2023 and 2022 and were 25% and 40%, respectively) 	<ul style="list-style-type: none"> ·The higher the PB ratio, the higher the fair value ·The higher the EBITDA ratio, the higher the fair value. ·The higher the market liquidity discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income - equity investments	Comparable listed companies approach	<ul style="list-style-type: none"> ·PB ratio (as of December 31, 2023 and 2022 were 0.4~1.3 and 0.5~1.4, respectively) ·Market liquidity discount rate (as of December 31, 2023 and 2022 were both 40%) 	<ul style="list-style-type: none"> ·The higher the PB ratio, the higher the fair value ·The higher the market liquidity discount rate, the lower the fair value

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 5) Sensitivity analysis of reasonably possible alternative assumptions for fair value measurements in Level 3 of the fair value hierarchy

The fair value measurements of the Group's financial instruments are reasonable. However, changes in the use of valuation models or valuation variables may affect the estimations. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effect on other comprehensive income:

			Effects of changes in fair value on profit and losses		Effects of changes in fair value on other comprehensive income	
	Inputs	Increase or decrease	Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2023						
Financial assets at fair value through profit or loss	PB ratio	10%	\$ 1,674	(1,674)	-	-
Financial assets at fair value through other comprehensive income	PB ratio	10%	\$ -	-	7,722	(7,722)
December 31, 2022						
Financial assets at fair value through profit or loss	EBITDA ratio	10%	\$ 891	(891)	-	-
Financial assets at fair value through other comprehensive income	PB ratio	10%	-	-	7,776	(7,776)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the inter relationships with another input.

(u) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

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SESODA CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how the supervision of the management is in compliance with the Group's risk management policies and procedures. It also reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by an internal auditor. An internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments.

1) Notes and accounts receivables and other receivables

The credit risk exposure of the Group is mainly affected by the individual conditions of each customer.

The management also considers the statistical data of the Group's customer, including the default risk of the customer's industry and country, which may have an impact on credit risk.

Please refer to note 6(t) for the concentrated notes receivable and accounts receivable from transaction parties.

The Group has established a credit policy. According to this policy, the Group must analyze the credit rating of each new customer individually before granting standard payment and shipping conditions and terms. If the Group can obtain an external rating and in some other cases, the bank's notes will be reviewed. The credit limit, which is regularly reviewed, is established based on individual customers and need not be approved by the Board of Directors.

When the Group monitors the credit risk of its customers according to their credit characteristics, including whether they are distributors or end users; location, industry, age, expiration date, and previous financial difficulties. The main target of the Group's notes, accounts receivable and other receivables is the Group's dealer customers. Customers who are assessed as high-risk are included in the restricted customer list and monitored by the authorized supervisor of the combined company. Future sales with these customers must be based on advance receipts.

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SESODA CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group regularly evaluates the losses incurred in bills, accounts receivable and other receivables. The Group has set up an allowance and impairment loss account to reflect the estimation of the losses incurred in the bills, accounts receivable and other receivables. The main components of the allowance account include specific losses with individual customers and loss estimates measured by expected credit losses during the lifetime.

2) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions, with good credit rating. The Group expects the counterparties above to meet their obligations; hence, there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to provide financial guarantees only to subsidiaries. As of December 31, 2023, the Group did not provide guarantee to other entities.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group calculates its cost of products and services by using the activity-based costing, which assists in monitoring its cash flow requirements and optimizing its cash return on investments.

Generally, the Group ensures that it maintains sufficient cash to meet expected operational expense with 60 days, including the fulfillment of financial obligations. However, potential impacts that cannot reasonably be expected in extreme cases such as natural disasters, are excluded.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The financial assets of the Group with fair value risk of interest rate changes are bank deposits; financial liabilities are long-term and short-term borrowings. The impact of changes in interest rates on the fair value of the relevant financial assets and liabilities is not significant.

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Capital management

The Company's policy is to keep a strong capital base in order to maintain its investors, creditors and market confidence, and to sustain future development of its business. Equity consists of common stock, capital surplus, retained earnings and other equity interest of the Group. The Board of Directors monitors the return on its capital as well as the level of dividends to its shareholders.

The Group's debt-to-equity ratio at the end of the reporting period was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 6,710,520	6,705,288
Less: cash and cash equivalents	<u>1,600,594</u>	<u>1,295,290</u>
Net debt	<u>\$ 5,109,926</u>	<u>5,409,998</u>
Total equity	<u>\$ 6,366,559</u>	<u>7,131,288</u>
Debt-to-equity ratio	<u>80.26 %</u>	<u>75.86 %</u>

The debt-to-equity ratio of the Group for both years has no significant change.

(w) Financing activities not affecting current cash flow

Reconciliations of liabilities arising from financing activities for the years ended December 31, 2023 and 2022 were as follows:

	January 1, 2023	Cash flows	Foreign exchange movement	Non-cash changes			December 31, 2023
				New lease	Changes in lease payment	Other	
Long-term borrowings (including current portion)	\$ 2,853,402	149,282	8,023	-	-	-	3,010,707
Short-term borrowings	1,618,520	191,745	-	-	-	-	1,810,265
Short-term notes and bills payable	-	200,000	-	-	-	(173)	199,827
Lease liabilities	<u>15,925</u>	<u>(9,333)</u>	<u>-</u>	<u>2,313</u>	<u>(625)</u>	<u>-</u>	<u>8,280</u>
Total liabilities from financing activities	<u>\$ 4,487,847</u>	<u>531,694</u>	<u>8,023</u>	<u>2,313</u>	<u>(625)</u>	<u>(173)</u>	<u>5,029,079</u>

	January 1, 2022	Cash flows	Foreign exchange movement	Non-cash changes			December 31, 2022
				New lease	Changes in lease payment		
Long-term borrowings (including current portion)	\$ 3,098,800	(539,949)	294,551	-	-		2,853,402
Short-term borrowings	1,518,240	45,740	54,540	-	-		1,618,520
Lease liabilities	<u>21,114</u>	<u>(9,168)</u>	<u>-</u>	<u>9,947</u>	<u>(5,968)</u>		<u>15,925</u>
Total liabilities from financing activities	<u>\$ 4,638,154</u>	<u>(503,377)</u>	<u>349,091</u>	<u>9,947</u>	<u>(5,968)</u>		<u>4,487,847</u>

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions:

(a) Names and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Group</u>
Bright Charter Shipping Limited	Substantive related party (Note 1)
Sesoda Social Welfare Foundation	Other related party (Note 2)
Zhengbang Investment Co., Ltd.	Corporate director of Company
Sincere Industrial Corporation	Corporate director of Company
Yalan Investment Consulting Co., Ltd.	Corporate director of Company
Sande International Investment Co., Ltd.	Corporate director of Company

(Note 1) The Company's corporate director (SINCERE INDUSTRIAL CORPORATION) is the actual controller over the Bright Charter Shipping Limited.

(Note 2) The foundation was established by donations from the Company and was registered and established on May 31, 2022.

(b) Significant transactions with related parties

(i) Shipping agency expense

	<u>2023</u>	<u>2022</u>
Bright Charter Shipping Limited	\$ <u>61,697</u>	<u>59,024</u>

Bright charter shipping Limited provides shipping agency service to the Group and settles related fee by the end of each month.

(ii) Donations

	<u>2023</u>	<u>2022</u>
Sesoda Social Welfare Foundation	\$ <u>-</u>	<u>11,000</u>

(iii) Payables

<u>Account</u>	<u>Relationship</u>	<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables	Substantive related party	Bright Charter Shipping Limited	\$ <u>5,067</u>	<u>5,067</u>

(c) Key management personnel compensation comprised:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 52,948	149,539
Post-employment benefits	<u>2,588</u>	<u>1,437</u>
	<u>\$ 55,536</u>	<u>150,976</u>

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

Pledged assets	Object	December 31, 2023	December 31, 2022
Property, plant and equipment			
— Land	Guarantees for long-term and short-term borrowings	\$ 678,305	678,305
— Buildings	Guarantees for long-term and short-term borrowings	55,092	57,381
— Vessels	Guarantees for long-term borrowings	5,153,349	6,545,891
		<u><u>\$ 5,886,746</u></u>	<u><u>7,281,577</u></u>

(9) Significant commitments and contingencies:

The Group entered into contracts with domestic and foreign vendors to purchase property, plant and equipment as follows:

	December 31, 2023	December 31, 2022
Total contract value	\$ <u>297,877</u>	<u>358,379</u>
Cumulative payments	\$ <u>143,876</u>	<u>235,103</u>

(10) Losses Due to Major Disasters:None

(11) Subsequent Events: Please refer to the note 6 (o).

(12) Other:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	2023			2022		
		Operating cost	Operating Expense	Total	Operating cost	Operating Expense	Total
Employee benefits							
Salary		576,026	58,932	634,958	578,123	160,021	738,144
Labor and health insurance		11,296	6,971	18,267	10,269	6,239	16,508
Pension		4,037	3,524	7,561	4,814	2,438	7,252
Remuneration of directors		-	30,826	30,826	-	98,657	98,657
Others		48,367	2,935	51,302	47,167	4,478	51,645
Depreciation		522,555	20,770	543,325	494,269	22,323	516,592
Depletion		-	-	-	-	-	-
Amortization		-	-	-	-	-	-

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures:

- (a) Information on significant transactions: None

The following were the information on significant transactions required by the Regulations for the Group for the year ended December 31, 2023:

- (i) Loans to other parties: Please refer to schedule A.
 - (ii) Guarantees and endorsements for other parties: Please refer to schedule B.
 - (iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to schedule C.
 - (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
 - (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
 - (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
 - (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock: None
 - (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
 - (ix) Trading in derivative instruments: None.
 - (x) Business relationships and significant intercompany transactions: Please refer to schedule D.
- (b) Information on investees: Please refer to schedule E.
- (c) Information on investment in mainland China: None.
- (d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Zhengbang Investment Co., Ltd.		16,086,588	6.46 %
Chu Ying-Piao		12,650,048	5.08 %

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

(a) General information

The reportable segments are the Group's strategic divisions which should be reported as follows. They offer different products and services, and are managed separately because they require different technology and marketing strategies. The chief of the Group should review the internal management report of each strategic division. Each reportable department of the Group is summarized below:

- (i) Manufacturing division: Import of sodium carbonate, manufacturing and selling of potassium sulfate, hydrochloric acid and liquid calcium chloride, trading of baking soda, salt and calcium chloride.
- (ii) Ships, boats and Transport division: Operates on its own ship charter and all ships have signed a charter agreement.
- (iii) Freight division: Responsible for the delivery of the Company's sodium carbonate and other products.
- (iv) Catering division: It's engaged in the wholesale of food, Japanese restaurant and catering business.

(b) Information about reportable segments and their measurement and reconciliations:

The Group doesn't allocate income tax expense (benefit) or infrequent profit and losses to the reportable division. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 "significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis. The Group measured its operation segment through profit before tax, and serves as the basis for evaluating performance. The Group treated intersegment sales, and transfers as third-party transactions. They are measured at market price.

The Group's operating segment information and reconciliation were as follows:

	2023							
	Chemical products						Reconciliation and elimination (note)	Total
	Oversea sales	Domestic sales	Chartering	Frigh t	Catering	Others		
Revenue::								
Revenue from external customers	\$ 2,491,553	1,583,061	1,760,185	54	43,288	1,042	-	5,879,183
Intersegment revenues	-	-	-	14,440	291	-	(14,731)	-
Interest revenue	13,272	8,449	14,452	10	28	2,527	-	38,738
Total revenue	\$ 2,504,825	1,591,510	1,774,637	14,504	43,607	3,569	(14,731)	5,917,921
Interest expenses	\$ 16,614	10,577	162,444	-	111	34,534	-	224,280
Depreciation and amortization	\$ 12,225	87,983	433,962	3,563	5,605	11	(24)	543,325
Reportable segment profit or loss	\$ (219,711)	157,387	123,794	(245)	(3,616)	(44,357)	-	13,252
Reportable segment total assets (Note)	\$ -	-	-	-	-	-	-	-

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2022							
	Chemical products							
	Oversea sales	Domestic sales	Chartering	Freight	Catering	Others	Reconciliation and elimination (note)	Total
Revenue:								
Revenue from external customers	\$ 3,448,910	1,861,513	2,662,617	-	52,149	-	-	8,025,189
Intersegment revenues	-	-	-	14,859	432	1,927	(17,218)	-
Interest revenue	1,357	734	3,870	29	11	618	-	6,619
Total revenue	<u>\$ 3,450,267</u>	<u>1,862,247</u>	<u>2,666,487</u>	<u>14,888</u>	<u>52,592</u>	<u>2,545</u>	<u>(17,218)</u>	<u>8,031,808</u>
Interest expenses	<u>\$ 9,016</u>	<u>4,876</u>	<u>87,279</u>	<u>-</u>	<u>153</u>	<u>12,556</u>	<u>-</u>	<u>113,880</u>
Depreciation and amortization	<u>\$ 55,629</u>	<u>36,472</u>	<u>415,462</u>	<u>2,566</u>	<u>6,475</u>	<u>17</u>	<u>(29)</u>	<u>516,592</u>
Reportable segment profit or loss	<u>\$ 478,520</u>	<u>265,074</u>	<u>957,254</u>	<u>998</u>	<u>(1,259)</u>	<u>(98,922)</u>	<u>-</u>	<u>1,601,665</u>
Reportable segment total assets (Note)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note: As the information on segment assets was not provided to the chief operating decision maker, the information segment assets in not disclosed.

Note 1: For the years ended December 31, 2023 and 2022, the reportable segment should eliminate intersegment revenues by \$14,731 and \$17,218, respectively.

(c) The Group's information

(i) Product and service information

Revenue from external customers of the Group was as follows:

	2023	2022
Soda Ash	\$ 521,179	650,911
Potassium sulfate	2,559,185	3,505,305
Chartering	1,760,185	2,662,616
Catering	43,288	52,149
Others	995,346	1,154,208
	<u>\$ 5,879,183</u>	<u>8,025,189</u>

(ii) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Revenue from external customers was as follows:

Geographical information	2023	2022
Taiwan	\$ 1,627,445	1,921,794
Singapore	863,163	1,211,472
Denmark	725,335	684,616
Japan	577,760	983,435
Pakistan	451,081	263,385
India	225,753	90,514
Australia	190,499	348,175
Mexico	147,439	270,838
Saudi Arabia	116,135	71,538
Bahamas	97,262	308,505
Other	857,311	1,870,917
	\$ 5,879,183	8,025,189

Non-current assets:

Geographical information	December 31, 2023	December 31, 2022
Taiwan	\$ 2,435,427	2,290,337
Panama	6,867,386	7,198,636
	\$ 9,302,813	9,488,973

(iii) Major customers

The Group had no major customer who constituted 10% or more of revenue.

Schedule A Financing to other parties

(TWD : expressed in thousands)																	
No.	Creditor	Borrower	Financial statement account	Related party	Maximum outstanding balance for the period	Ending balance	Actual amount drawn down	Interest Rate	Nature of financing (Note 1)	Amount of transaction	Reasons for short-term financing	Allowance for doubtful accounts	Collateral		Limit on financing granted to each borrower	Ceiling on total financing granted	Notes
													Item	Value			
1	SECC	SSC	Other receivables - related parties	Yes	32,430	30,710	30,710	5.33%	2	-	Operating Capital	-	N/A	-	350,385	350,385	(Note 2 and Note 8)
2	SEFC	SSC	Other receivables - related parties	Yes	32,430	30,710	27,639	5.33%	2	-	Operating Capital	-	N/A	-	387,557	387,557	(Note 3 and Note 8)
3	SEPC	SSC	Other receivables - related parties	Yes	32,430	30,710	30,710	5.33%	2	-	Operating Capital	-	N/A	-	402,137	402,137	(Note 4 and Note 8)
4	SERC	SSC	Other receivables - related parties	Yes	32,430	30,710	6,142	5.33%	2	-	Operating Capital	-	N/A	-	357,838	357,838	(Note 5 and Note 8)
5	SEGC	SSC	Other receivables - related parties	Yes	32,430	30,710	15,355	5.33%	2	-	Operating Capital	-	N/A	-	387,083	387,083	(Note 6 and Note 8)
6	SEEC	SSC	Other receivables - related parties	Yes	32,430	30,710	12,284	5.33%	2	-	Operating Capital	-	N/A	-	351,932	351,932	(Note 7 and Note 8)
合計							122,840										

- Note 1: Nature of financing:
1 For entities that the Company has business with.
2 For entities with short-term financing needs.
- Note 2: Subsidiary SECC total amount available for financing purposes shall not exceed of SECC’s audited or reviewed net worth.
- Note 3: Subsidiary SEFC total amount available for financing purposes shall not exceed of SEFC’s audited or reviewed net worth.
- Note 4: Subsidiary SEPC total amount available for financing purposes shall not exceed of SEPC’s audited or reviewed net worth.
- Note 5: Subsidiary SERC total amount available for financing purposes shall not exceed of SERC’s audited or reviewed net worth.
- Note 6: Subsidiary SEGC total amount available for financing purposes shall not exceed of SEGC’s audited or reviewed net worth.
- Note 7: Subsidiary SEEC total amount available for financing purposes shall not exceed of SEEC’s audited or reviewed net worth.
- Note 8: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Schedule B Guarantees and endorsements for other parties:

Nunber (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to the companies in mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	SSC	2	6,366,559	2,767,500	1,842,600	660,265	-	28.94%	19,099,677	Y	N	N
0	The Company	SMTC	2	6,366,559	136,998	-	-	-	0.00%	19,099,677	Y	N	N
0	The Company	SMGC	2	6,366,559	111,510	-	-	-	0.00%	19,099,677	Y	N	N
0	The Company	SEBC	2	6,366,559	81,263	-	-	-	0.00%	19,099,677	Y	N	N
0	The Company	SECC	2	6,366,559	279,753	236,310	236,310	-	3.71%	19,099,677	Y	N	N
0	The Company	SEMC	2	6,366,559	223,846	180,020	180,020	-	2.83%	19,099,677	Y	N	N
0	The Company	SEDC	2	6,366,559	282,439	230,786	230,786	-	3.62%	19,099,677	Y	N	N
0	The Company	SEVC	2	6,366,559	294,189	257,322	257,322	-	4.04%	19,099,677	Y	N	N
0	The Company	SEEC	2	6,366,559	276,585	247,477	247,477	-	3.89%	19,099,677	Y	N	N
0	The Company	SEFC	2	6,366,559	301,162	273,269	273,269	-	4.29%	19,099,677	Y	N	N
0	The Company	SERC	2	6,366,559	306,177	270,446	270,446	-	4.25%	19,099,677	Y	N	N
0	The Company	SEGC	2	6,366,559	343,205	292,973	292,973	-	4.60%	19,099,677	Y	N	N
0	The Company	SEPC	2	6,366,559	381,107	287,104	287,104	-	4.51%	19,099,677	Y	N	N
					5,785,734	4,118,307							

Note 1: Company numbering as follows:

The Company — 0

Note 2: Relationship with the Company:

- 1. For entities the guarantor has business transaction with.
- 2. For entities in which the guarantor, directly or indirectly, owned more than 50% of their shares.

Note 3: The Company's operating procedures of guarantee were as follows:

The guarantees and endorsements limit provided by The Company to other parties should not exceed 300% of its equity based on the most recent audited or reviewed financial statements by a certified accountant. The individual guarantee amount should not exceed 100% of its equity based on the most recent audited or reviewed financial statements by a certified accountant.

Schedule C Securities held as of December 31, 2023 :

Name of holder	Category and name of security	Relationship with the company	Account title	Ending balance				Remark
				Shares/ Units	Carrying value	Percentage of ownership (%)	Fair value	
E-TEQ VENTURE CO., LTD. "	Stock : INTEL CORPORATION	—	Current financial assets at fair value through profit or loss	2,000	3,086	0.00%	3,086	
	APOGEE Optocom CO., LTD.	—	Non-current financial assets at fair value through other comprehensive income	30,000	2,226	0.07%	2,226	
	Subtotal				5,312		5,312	
	Private Fund:							
E-TEQ VENTURE CO., LTD.	CMIA Digital Growth VII	—	Non-current financial assets at fair value through profit or loss	500	16,744	0.65%	16,744	
	Subtotal				16,744		16,744	
The company	Stock : Qingdao Soda Ash Industrial Potassic Fertilizer Technology Co., Ltd.	—	Non-current financial assets at fair value through other comprehensive income	0	77,217	15.00%	77,217	
					77,217		77,217	
	Total				99,273		99,273	

Schedule D Relationships and importance transactions between the Group and subsidiaries :

Nunber (Note 1)	Company Name	Related Party	Relationship (Note 2)	Transaction			
				Account title	Amount	Credit term	Percentage of consolidated sales revenue and total assets
1	SSC	SESC、SMGC、 SMTC、SEHC、SEBC、 SEAC、 SEMC、SECC、SEEC、 SEFC、SERC、SEDC、 SEVC、SEGC、SEPC	2	Other payables-related parties	79,884	-	0.61%

Note 1: Company numbering as follows:

- 1. 0 represents the parent company
- 2. Subsidiary company number starts with Arabic numeral 1

Note 2: Relationship of the counterparties:

- 1.Parent company to subsidiary.
- 2.Transactions are between subsidiaries.

Note 3: The section only disclosed the information of the account balance more than 0.5% of total consolidated assets .

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Schedule E Information on investments:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		The ending balance at this period			Net income (losses) of investee	Investment income (losses)	Remark
				The ending balance at this year	The ending balance at the beginning	Shares	Percentage of ownership	Carrying value			
The Company	SSC	Panama	Ship operation and chartering	1,110,902	1,428,232	10	100.00%	4,421,696	118,895	118,895	Subsidiary
"	East Tender Trading Co., Ltd.	Taipei	General trade and investments	38,023	38,023	3,200,000	100.00%	38,821	1,454	1,454	Subsidiary
"	SIL	BVI	Holding company	21,145	21,145	880	50.00%	(33,739)	(98)	(49)	Subsidiary
"	East Tender Optoelectronics Co., Ltd.	Yilan	Manufacturing of thin film filter components required for optical communication	97,142	97,142	9,316,297	34.89%	258,978	(81,945)	(33,251)	Associate
"	Yukari Group Co., Ltd.	Taipei	Wholesale of foods and groceries, sales of drinks, operation of restaurant	89,787	89,787	2,100,000	100.00%	7,232	(3,711)	(3,711)	Subsidiary
"	E-Teq Venture Co., Ltd.	Taipei	Electronics components manufacturing, data storage media manufacturing and duplicating, general investments	115,000	115,000	10,380,000	100.00%	101,725	7,263	7,263	Subsidiary
"	YUN SHENG INVESTMENT CO., LTD.	Taipei	Investment	30,000	30,000	3,000,000	100.00%	30,106	121	121	Subsidiary
				1,501,999	1,819,329			4,824,819		90,722	
SSC	SESC	Panama	Ship operation and chartering	353	661	10	100.00%	170,747	16,615	16,615	Sub-Subsidiary
"	SIL	BVI	Holding company	89,363	89,363	880	50.00%	32,048	(98)	(49)	Sub-Subsidiary
"	SMGC	Panama	Ship operation and chartering	242,190	248,999	10	100.00%	235,182	7,747	7,747	Sub-Subsidiary
"	SEHC	Panama	Ship operation and chartering	273,996	258,028	10	100.00%	308,854	(11,466)	(11,466)	Sub-Subsidiary
"	SMTC	Panama	Ship operation and chartering	390,265	407,120	10	100.00%	351,268	(4,268)	(4,268)	Sub-Subsidiary
"	SEBC	Panama	Ship operation and chartering	306,049	248,536	10	100.00%	555,315	5,414	5,414	Sub-Subsidiary
"	SEAC	Panama	Ship operation and chartering	367,519	129,338	10	100.00%	325,704	(42,722)	(42,722)	Sub-Subsidiary
"	SEMC	Panama	Ship operation and chartering	229,896	229,896	11	100.00%	335,616	1,458	1,458	Sub-Subsidiary
"	SECC	Panama	Ship operation and chartering	247,798	247,798	11	100.00%	350,385	38,715	38,715	Sub-Subsidiary
"	SEEC	Panama	Ship operation and chartering	292,030	273,628	11	100.00%	351,932	33,005	33,005	Sub-Subsidiary
"	SEFC	Panama	Ship operation and chartering	239,439	239,346	11	100.00%	387,557	4,946	4,946	Sub-Subsidiary
"	SERC	Panama	Ship operation and chartering	286,639	280,411	11	100.00%	357,838	27,549	27,549	Sub-Subsidiary
"	SEDC	Panama	Ship operation and chartering	297,122	296,620	11	100.00%	345,992	6,542	6,542	Sub-Subsidiary
"	SEVC	Panama	Ship operation and chartering	254,236	254,236	11	100.00%	339,745	3,578	3,578	Sub-Subsidiary
"	SEGC	Panama	Ship operation and chartering	253,174	253,174	11	100.00%	387,083	50,405	50,405	Sub-Subsidiary
"	SEPC	Panama	Ship operation and chartering	332,639	331,630	11	100.00%	402,137	33,092	33,092	Sub-Subsidiary
"	SSMHC	Cayman Islands	Holding company	1,793	1,545	-	100.00%	73	(236)	(236)	Sub-Subsidiary(Note1)
				4,104,501	3,790,329			5,237,476		170,325	
SSMHC	SEJC	Panama	Holding company	244	207	-	100.00%	(20)	(36)	(36)	Sub-Subsidiary(Note1)
East Tender Trading Co., Ltd.	Zai Feng Auto Transportation Co., Ltd.	Yilan	Automobile cargo transportation business	27,381	20,381	19,000	100.00%	25,352	179	179	Sub-Subsidiary

(Note1) The sub-subsidiary which is 100% held by the subsidiary has been established and registered .However, the funds have not been fully invested .Capital registration is handled until the funds are all in place.

(Note2) The aforementioned inter-company transactions have been eliminated in the consolidated financial statements